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DEPARTMENT FOR NEA/ARP, NEA/PI FOR SFRANCESKI AND RKAPLAN,
DRL FOR AANZALDUA
USTR FOR JBUNTIN AND AROSENBERG
DOL FOR JSHEA, BSHEPARD AND JRUDE

E.O. 12958: N/A

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SUBJECT: BUSINESS PERCEPTIONS OF US SUPPORT FOR LABOR UNIONS

REF: A. MUSCAT 462

[B](#). MUSCAT 473

[C](#). MUSCAT 531

[1](#)1. (SBU) Contacts among Oman's business community have commented recently that as the Ministry of Manpower (MOM) begins to promote union development (ref A), many of their colleagues feel they are being "forced" to accept unions, and see the USG - often acting through the International Labor Organization - as the real advocate for union development in Oman rather than the MOM. Shashwar al-Balushi, CEO of the Oman Society for Petroleum Services (OPAL), the industry association for Oman's oil and gas sector, said that most of the top executives in OPAL's member companies see the push for unions purely as a product of commitments Oman made to the U.S. under bilateral free trade negotiations, and not stemming from the government's internal policy priorities or from demand among Oman's workers.

[1](#)2. (SBU) A human resources (HR) manager of a U.S. oil company in Oman echoed these concerns in a recent meeting with poloff. He stated that he and many of his colleagues outside the oil and gas sector view unionization as part of America's trade and democracy agenda for the region, and question why the U.S. seems to be pushing for unions in Oman when there appears to be little interest so far among workers for them. The Port of Salalah's HR Director, in discussing the recent strike at the port (refs B & C), candidly displayed his skepticism about the results of U.S. support for unions and labor reform, stating, "Americans caused this problem (of labor unrest) -- they now need to solve it."

[1](#)3. (SBU) Comment: To help counter negative views of a U.S.-imposed labor agenda, post will try to identify ways to support the efforts of Omani employer groups to serve as champions of domestic labor reform. In addition to the Omani Chambers of Commerce and Industry, we may wish to focus resources on groups like OPAL, which is interested in working with the Embassy and currently is designing its own, sector-specific training program aimed at HR officers on conducting negotiations and collective bargaining. In general, the business community realizes that unions in Oman are now a fact of life, and that they will need help to navigate the new labor environment. Expanding our support for employer organizations may help overcome businesses' negative perceptions of our role to date, and encourage the kind of tripartite dialogue among government, business and labor that is essential for the long-term success of Oman's labor reforms. End comment.
GRAPPO